

RESOLUTION NO. 2005-10-06

RELATING TO ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS RELATING TO CONSTRUCTING VARIOUS CAPITAL INFRASTRUCTURE IMPROVEMENTS TO THE CITY'S ELECTRIC AND GAS SYSTEMS FROM THE PROCEEDS OF TAX-EXEMPT OR TAXABLE OBLIGATIONS NOT TO EXCEED \$400,000,000 TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) or the City Public Service Board of San Antonio, Texas (the *Board*), acting on behalf of the Issuer, has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer or the Board to finance the costs associated with (i) acquiring, purchasing, improving, constructing, renovating, enlarging, extending, equipping, or repairing the City's electric and gas systems (the *Construction Costs*), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the *Engineering Costs*), (iii) the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the *Architectural Costs*), and (iv) the payment of various administrative costs, including the fees of co-bond counsel, co-financial advisor, other professionals, and printer (the *Administrative Costs*) [the Construction Costs, Engineering Costs, the Architectural Costs, and Administrative Costs collectively constitute costs of the project (the *Project*)]; and

WHEREAS, the Governing Body has delegated, pursuant to the provisions of Section 1502.070, as amended, Texas Government Code, the management, operation, and maintenance of the electric and gas systems to the Board;

WHEREAS, the provisions of Chapter 1201.042(c), as amended, Texas Government Code provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer, or the Board, acting on behalf of the Issuer, for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 (the *Regulations*) which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer or the Board intend to reimburse themselves, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of obligations

(the *Obligations*) that the Issuer currently contemplates issuing in an amount not to exceed the amount of \$400,000,000 to finance a portion of the costs of the Project; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Issuer or the Board, acting on behalf of the Issuer, must declare their expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer, acting through the Board, hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer or the Board is not inconsistent with the Issuer's or the Board's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO THAT:

SECTION 1: This Resolution is a declaration of intent to establish the Issuer's and the Board's reasonable, official intent under section 1.150-2 of the Regulations to reimburse themselves from the proceeds of the Obligations for any capital expenditures previously incurred with respect to the Project from lawfully available general funds or other funds of the Issuer or the Board.

SECTION 2: The Issuer intends to issue the Obligations and allocate within 30 days after the date of issue of the Obligations the proceeds therefrom to reimburse the Issuer or the Board for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursed expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles.

SECTION 4: The Issuer and the Board intend to otherwise comply with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas and establishes compliance by the Issuer and the Board with the requirements of Texas law and the Regulations.

SECTION 6: With respect to the proceeds of the Obligations allocated to reimburse the Issuer or the Board for prior expenditures, neither the Issuer nor the Board shall employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issuer of tax-exempt obligations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 8: All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 11: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12: This Resolution shall be in force and shall take effect on the tenth day after the date of its adoption by the City Council, and it is so resolved.

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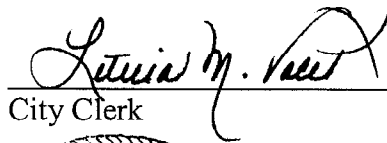
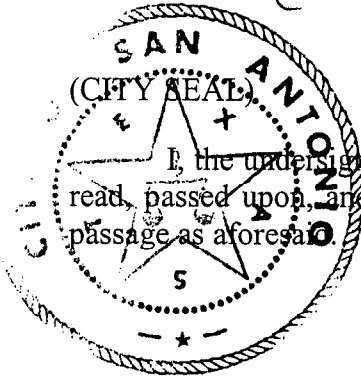
PASSED AND APPROVED, this the 3rd day of March, 2005.

CITY OF SAN ANTONIO



Mayor

ATTEST:


City Clerk

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Resolution prior to its adoption and passage as aforesaid.



Andrew Martin, City Attorney,
City of San Antonio, Texas

Agenda Voting Results

Name: 4B.

Date: 03/03/05

Time: 02:10:36 PM

Vote Type: Multiple selection

Description: A Resolution establishing the City's intention to reimburse itself for the prior lawful expenditure of funds relating to constructing various capital infrastructure improvements to the City's Electric and Gas Systems from the proceeds of Tax-Exempt or Taxable Obligations not to exceed \$400,000,000.00 to be issued by the City for authorized purposes; and authorizing other matters incident and related thereto.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
CARROLL SCHUBERT	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR		x		

CERTIFICATE OF CITY CLERK

THE STATE OF TEXAS	§
	§
COUNTY OF BEXAR	§
	§
CITY OF SAN ANTONIO	§

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 3rd day of March, 2005, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) convened in regular session at its regular meeting place in the Municipal Plaza Building of the Issuer (the *Meeting*), the duly constituted members of the Governing Body being as follows:

Edward Garza	Mayor
Christopher Haass	Mayor Pro Tem
Roger O. Flores	Councilmember
Joel Williams	Councilmember
Ron H. Segovia	Councilmember
Richard Perez	Councilmember
Patti Radle	Councilmember
Enrique M. Barrera	Councilmember
Julian Castro	Councilmember
Art A. Hall	Councilmember
Carroll Schubert	Councilmember

and all of such persons were present at the Meeting, except the following:
none, thus constituting a quorum. Among other business considered at the Meeting, the attached Resolution (the *Resolution*) entitled:

RELATING TO ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS RELATING TO CONSTRUCTING VARIOUS CAPITAL INFRASTRUCTURE IMPROVEMENTS TO THE CITY'S ELECTRIC AND GAS SYSTEMS FROM THE PROCEEDS OF TAX-EXEMPT OR TAXABLE OBLIGATIONS NOT TO EXCEED \$400,000,000 TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO

was introduced and submitted to the Governing Body for passage and adoption. After presentation and due consideration of the Resolution, a motion was made by Councilmember *Gray* that the Resolution be finally passed and adopted in accordance with the Issuer's Home Rule Charter. The motion was seconded by Councilmember *Sejora* and carried by the following vote:

11 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Governing Body for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Issuer; the duly qualified and acting members of the Governing Body of the Issuer on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Governing Body was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Issuer, this 3rd day of March, 2005.



Leticia M. Valdez
City Clerk, City of San Antonio, Texas